

By: King of Parker

H.B. No. 539

A BILL TO BE ENTITLED

AN ACT

relating to the procedural requirements for the adoption of a municipal regulation, limitation, or prohibition on the production, storage, or transportation of oil or natural gas; authorizing a fee.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle A, Title 7, Local Government Code, is amended by adding Chapter 218 to read as follows:

CHAPTER 218. MUNICIPAL REGULATION OF PRODUCTION, STORAGE, OR
TRANSPORTATION OF OIL OR NATURAL GAS

Sec. 218.001. DEFINITIONS. In this chapter:

(1) "Affected area" means a geographic area impacted by an oil or gas measure.

(2) "Gas" means natural gas.

(3) "Oil" means crude oil or crude petroleum oil.

(4) "Oil or gas measure" means a municipal ordinance or other municipal measure, including a measure requiring approval by voters, to regulate, limit, or prohibit the production, storage, or transportation of oil or gas.

(5) "Political subdivision" means a municipality, county, school district, junior college district, other special district, or other subdivision of state government.

Sec. 218.002. ADDITIONAL PROCEDURAL REQUIREMENTS. A municipality with authority to adopt an oil or gas measure may not

1 adopt an oil or gas measure unless the municipality complies with
2 the requirements of this chapter, in addition to other requirements
3 prescribed by law.

4 Sec. 218.003. PREPARATION OF FISCAL NOTES AND EQUALIZED
5 EDUCATION FUNDING IMPACT STATEMENTS. (a) A municipality must
6 submit any request for the preparation of a fiscal note and an
7 equalized education funding impact statement for an oil or gas
8 measure required under this chapter in writing and addressed to the
9 director of the Legislative Budget Board.

10 (b) The Legislative Budget Board shall prepare a fiscal note
11 and an equalized education funding impact statement if requested by
12 a municipality.

13 (c) A municipality shall pay the cost to prepare a fiscal
14 note and an equalized education funding impact statement and any
15 administrative fee determined by the director of the Legislative
16 Budget Board to be necessary to administer the preparation of
17 documents requested under this section.

18 (d) In preparing a fiscal note and an equalized education
19 funding impact statement, the director of the Legislative Budget
20 Board may use information or data supplied by any person, agency,
21 organization, or governmental unit that the director considers
22 reliable.

23 Sec. 218.004. CONTENTS OF FISCAL NOTES. (a) In preparing a
24 fiscal note for an oil or gas measure, the Legislative Budget Board
25 shall identify:

26 (1) the fiscal implications of the measure to the
27 state and local governments of the state;

1 (2) the probable cost to the state that will result
2 from the measure, including:

3 (A) the loss of tax revenue from all sources;

4 (B) the loss of revenue from fees, licenses,
5 penalties, or other charges;

6 (C) the loss of royalty income; and

7 (D) the diversion of state funds for a purpose
8 other than one provided for in the state general appropriations
9 bill;

10 (3) the probable cost to political subdivisions in the
11 affected area that will result from the measure, including:

12 (A) the loss of tax revenue from all sources;

13 (B) the loss of revenue from fees, licenses,
14 penalties, or other charges; and

15 (C) the loss of royalty income; and

16 (4) the amount of money the municipality adopting the
17 measure will be required to annually remit to the state as
18 reimbursement for the cost to the state resulting from the measure,
19 calculated as the sum of:

20 (A) the probable cost identified in Subdivision
21 (2); and

22 (B) the amount of the applicable difference
23 calculated under Section 218.005.

24 (b) A fiscal note must state whether costs or diversions
25 identified in Subsection (a) will be involved after the projected
26 five-year period as determined under Subsection (c).

27 (c) In preparing a fiscal note, the Legislative Budget Board

1 must project the implications, costs, and amounts identified in
2 Subsection (a) for each year of a five-year period. For a fiscal
3 note requested before the oil or gas measure is adopted, the
4 Legislative Budget Board must use the five-year period beginning on
5 January 1 of the year following the year in which the request is
6 made. For a fiscal note requested after a measure is adopted, the
7 Legislative Budget Board must use the five-year period beginning on
8 the date the measure takes effect.

9 Sec. 218.005. CONTENTS OF EQUALIZED EDUCATION FUNDING

10 IMPACT STATEMENTS. (a) In preparing an equalized education funding
11 impact statement for an oil or gas measure, the Legislative Budget
12 Board shall determine the applicable difference calculated under
13 this section that will result from the measure.

14 (b) For a school district in the affected area that is
15 required to take action to achieve the equalized wealth level under
16 Chapter 41, Education Code, the Legislative Budget Board, based on
17 the comptroller's projection under Subsection (f), shall determine
18 the difference between the anticipated total cost of attendance
19 credits for the district under Section 41.093, Education Code, and
20 the total cost of attendance credits under that section that would
21 result if the district's maintenance and operations tax revenue
22 were not reduced as a result of the oil or gas measure.

23 (c) For a school district in the affected area that is not
24 required to take action to achieve the equalized wealth level under
25 Chapter 41, Education Code, the Legislative Budget Board, based on
26 the comptroller's projection under Subsection (f), shall
27 determine:

1 (1) the difference between the district's anticipated
2 local share under Section 42.252, Education Code, and the local
3 share that would result if the district's taxable value of property
4 were not reduced as a result of the oil or gas measure;

5 (2) if applicable, the difference between the amount
6 of state revenue to which the district is anticipated to be entitled
7 under Section 42.2516, Education Code, and the amount of state
8 revenue to which the district would be entitled under that section
9 if the district's taxable value of property were not reduced as a
10 result of the measure; and

11 (3) the difference between the anticipated guaranteed
12 yield amount of state funds to be allocated to the district under
13 Section 42.302, Education Code, and the amount that would be
14 allocated to the district if the district's taxable value of
15 property were not reduced as a result of the measure.

16 (d) For purposes of making the determinations required by
17 Subsections (b) and (c), the Legislative Budget Board shall assume
18 for each year of the projected five-year period, as determined
19 under Subsection (e), that a district's maintenance and operations
20 tax rate and number of students in weighted average daily
21 attendance is the same as the district's maintenance and operations
22 tax rate and number of students in weighted average daily
23 attendance for the school year during which the determinations are
24 made.

25 (e) In preparing an equalized education funding impact
26 statement, the Legislative Budget Board must project the
27 differences calculated under this section for each year of a

1 five-year period, as determined in the same manner as the five-year
2 period is determined for a fiscal note under Section 218.004(c).

3 (f) For each school district in the affected area, the
4 comptroller shall project for each year of the five-year period, as
5 determined under Subsection (e), the anticipated reduction in the
6 district's taxable value of property determined under Subchapter M,
7 Chapter 403, Government Code, resulting from the oil or gas
8 measure.

9 Sec. 218.006. NOTICE OF HEARING. For each hearing at which
10 an oil or gas measure will be considered, a municipality must
11 provide public notice that includes the following documents and
12 statements:

13 (1) a current copy of:
14 (A) the measure;
15 (B) a fiscal note prepared by the Legislative
16 Budget Board for the measure; and

17 (C) an equalized education funding impact
18 statement prepared by the Legislative Budget Board for the measure;

19 (2) a statement that the municipality will be required
20 to reimburse the state for the cost to the state for a five-year
21 period resulting from the measure as determined by the fiscal note
22 prepared by the Legislative Budget Board;

23 (3) a separate statement of the amount specified in
24 the current fiscal note that the municipality will be required to
25 annually remit to the state as reimbursement for the cost described
26 by Subdivision (2); and

27 (4) a statement describing in detail the source or

1 sources of money that the municipality will use to reimburse the
2 state for the cost described by Subdivision (2), including if
3 applicable:

4 (A) the type and amount of each new tax or fee the
5 municipality will enact or adopt and the revenue projected to be
6 raised from the new tax or fee;

7 (B) the type of each existing tax or fee that the
8 municipality will increase the rate or amount of, the amount of the
9 increase, and the revenue projected to be raised from the increase;
10 and

11 (C) the specific expenses for the maintenance and
12 operation of the municipality that will be reduced, and the revenue
13 projected to be saved from those reductions.

14 Sec. 218.007. CONTENTS OF BALLOT PROPOSITION. The
15 governing body of a municipality must ensure that an oil or gas
16 measure submitted to municipal voters at an election for approval
17 includes a copy of the documents and statements described by
18 Section 218.006.

19 Sec. 218.008. NOTICE OF ADOPTED OIL OR GAS MEASURE. (a)
20 Before a municipality may begin to enforce an oil or gas measure,
21 the municipality must provide public notice of the adoption of the
22 measure. The notice must include the documents and statements
23 described by Section 218.006 for the adopted version of the
24 measure.

25 (b) Notice under this section must be:

26 (1) published in a newspaper of general circulation in
27 the municipality;

1 (2) posted continuously on the municipality's Internet
2 website, if the municipality maintains a website, until the first
3 anniversary of the date the oil or gas measure takes effect; and

4 (3) made available for public inspection.

5 (c) The notice required by this section is in addition to a
6 notice required by other law.

7 Sec. 218.009. REIMBURSEMENT FOR COST TO STATE. (a) If a
8 municipality adopts an oil or gas measure, the municipality shall
9 reimburse the state for the cost to the state for a five-year period
10 resulting from the measure as determined by the fiscal note
11 prepared under this chapter.

12 (b) The municipality shall notify the comptroller in
13 writing that the oil or gas measure has been adopted not later than
14 the 10th day after the date the measure is adopted.

15 (c) By the dates and in the manner determined by the
16 comptroller, the municipality shall remit five annual payments to
17 the comptroller in the amount calculated under Section
18 218.004(a)(4) as specified in the fiscal note for the oil or gas
19 measure.

20 (d) The comptroller shall deposit the portion of the amount
21 remitted by the municipality described by Section 218.004(a)(4)(A)
22 in the general revenue fund and the amount described by Section
23 218.004(a)(4)(B) in the foundation school fund.

24 SECTION 2. Chapter 218, Local Government Code, as added by
25 this Act, applies only to an oil or gas measure, as defined by
26 Section 218.001(4), Local Government Code, as added by this Act,
27 that is adopted on or after the effective date of this Act.

1 SECTION 3. This Act takes effect immediately if it receives
2 a vote of two-thirds of all the members elected to each house, as
3 provided by Section 39, Article III, Texas Constitution. If this
4 Act does not receive the vote necessary for immediate effect, this
5 Act takes effect September 1, 2015.